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EXECUTIVE SECRETARIAT**Routing Slip***Memo
Chano*

TO:		ACTION	INFO	DATE	INITIAL
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Remarks:

Executive Secretary

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81-1271

19 May 1981

MEMORANDUM FOR: Director of Economic Research
 [redacted] Senior Review Panel
 FROM: Director of Central Intelligence
 SUBJECT: Economic Estimate

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1. In relationship to the comprehensive economic estimate which is now under way, it would be well to reflect the more optimistic scenario for the 1980s. There are some forces operating in the world which may generate that and our policies and those of other actors may discourage them. I have in mind factors like these:

- The political-economic legacy of the 1970s
 - Stagflation and energy crisis come to an end
 - Relative economic power shifts back away from OPEC and the Soviet Bloc.
 - Interdependence strengthens; global trade grows
- Growth and inflation challenges
 - Economic opportunities expand
 - Inflation is solved
- Resource markets
 - Energy supplies exceed demand; prices decline
 - Demand for food increases supply
 - Substitutes for minerals proliferate
- Trade, industrial and technological opportunities
 - Trade frictions diminish with global expansion
 - U.S. technological lead accelerates
- Financial stabilization
 - International financial system becomes more stable
 - Foreign debt is repaid
- Communist country problems
 - Economic difficulties provoke change
 - Soviet military burden is cut back [redacted]

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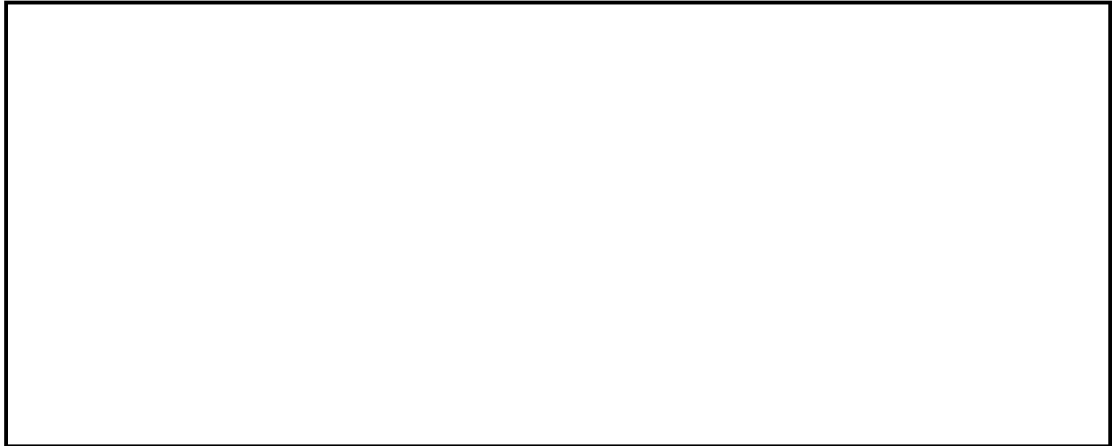
2. There are certain changes in global relations and policies which can impact these developments and in this one would include the following:

- Among industrial countries: e.g., free trade agreements, coordination of monetary policies
- Among LDCs: e.g., growing recognition of the universal interest in LDC prosperity
- Industrial countries--Communist: needed access to industrial countries' grain, credit and technology ensures nonhostile relations
- Intra-Communist: e.g., growing diversity leads toward Westernization of the Eastern Bloc

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3. Then, in looking at our vulnerabilities and the setbacks that could be inflicted on us, one can take comfort in these limitations:

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William J. Casey

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